

2023 CTC / ACTC / ODC "DUE DILIGENCE" REQUIREMENTS

NAME OF TAXPAYER & SPOUSE	
FILING TAX RETURN	

COMPLETE PART 1, 2 AND 3 REQUIREMENTS AS FOLLOWS:

PART 1 PROVIDE COPIES OF DOCUMENTATION

Please provide photocopies of documentaton for each qualifying child to prove that your child lived with you for more than half of the year. More than one type of documentation may be required by the IRS. Possibilities include school records, medical records, social service records or daycare records. A letter may be provided as well, but it must be on official letterhead from the one of the following: school, medical provider, social service agency, place of worship, or other acceptable entity. The letter must include the name of the child, name of the child's parent or guardian, child's address, and dates during the year child lived with taxpayer.

PART 2 COMPLETE THE ATTACHED "2023 PREPARER DUE DILIGENCE" FORM FOR ALL QUALIFYING CHILDREN

PART 3 COMPLETE THE ATTACHED "2023 QUESTIONNAIRE" FORM FOR EACH QUALIFYING CHILD

WHAT YOU NEED TO KNOW ABOUT THE "CHILD TAX CREDIT" (CTC), "ADDITIONAL CHILD TAX CREDIT" (ACTC) AND THE REFUNDABLE PORTION OF THE "CREDIT FOR OTHER DEPENDENTS" (ODC)

Beginning with tax year 2018 and through tax year 2025, you may be able to claim ODC, a nonrefundable credit for each eligible dependent who can't be claimed for the child tax credit.

CTC/ACTC

1.) Know that for CTC/ACTC:

- (a) The maximum amount of CTC per qualifying child is \$2,000.
- (b) The refundable part of the credit, ACTC, is worth up to \$1,600 for each qualifying child.
- (c) A qualifying child must have a Social Security Number issued by the Social Security Administration before the due date of your tax return (including extensions).
- (d) CTC/ACTC begins to decrease in value if your gross incomes exceed \$200,000 (\$400,000 for Married Filing Jointly).
- (e) ACTC is not allowed if you or your spouse (if filing a joint return) file a Form 2555 or Form 2555EZ (excluding foreign earned income).

2.) Know who is a qualifying child for CTC/ACTC. The child must:

- (a) Be under 17 at the end of the tax year.
- (b) Meet the relationship and residency tests for uniform definition of a qualifying child
- (c) Not provide more than half of his or her own support for the tax year
- (d) Have lived with you for more than half the tax year, however there are exceptions for birth or death during the year, temporary absences, kidnapped or missing or children of divorced or separated parents
- (e) Be claimed as a dependent on your return
- (f) Not file a joint return for the year (or filed the joint return only to claim a refund of taxes withheld or estimated taxes)
- (g) Be U.S. citizen, U.S. National or a U.S. resident alien
- (h) Must have a Social Security Number issued by the Social Security Administration before the due date of your tax return (including extensions)

ODC

1.) Know that for ODC:

- (a) This is a non-refundable tax credit of up to \$500 per qualifying person
- (b) The credit begins to decrease in value if your adjusted gross income exceeds \$200,000 (\$400,000 for married filing jointly)

2.) Know who is a qualifying dependent for ODC. The dependent must be:

- (a) A dependent claimed on your return
- (b) A dependent who can't be claimed for the CTC/ACTC
- (c) A U.S. citizen, U.S. national, or U.S. resident alien
- (d) A dependent is not required to have an SSN. They can have an SSN, ITIN, or ATIN that was issued before the due date of the return (including extensions)

2023 Preparer Due Diligence - Qualifying Child

Qualifying child's SSN	1	26	51
Qualifying child's first name	2	27	52
Qualifying child's last name	3	28	53

Age - Qualifying Child (complete this section only if qualifying child is over age 18)

For children over age 18 who are students or permanently and totally disabled, the following additional information and documentation should be available

1 Children who are students	4	Not a student	29	Not a student	54	Not a student
a What school does the child attend?	5	30		55		
b Can you provide documentation showing that the child was a full-time student for at least 5 months? The school records need to show the dates of attendance. Months don't have to be consecutive	6	31	56			
2 Children with a permanent and total disability	7	Not disabled	32	Not disabled	57	Not disabled
a What type of disability does the child have?	8	33		58		
b Does the child receive SSI or other disability payments?	9	34	59			
c Do you have a letter from the child's doctor, other healthcare provider, or any social service program or agency verifying that the child is permanently and totally disabled?	10	35	60			

Relationship - Qualifying Child

1 If the biological parent is NOT living with the child, where is the parent?	Mother	11	36	61
	Father	12	37	62
Does the biological parent provide any financial support?	13	38	63	
2 Adopted children:				
a Is the adoption final or pending?	14	39	64	
b If the adoption is pending, do you have a letter from an authorized adoption agency?	15	40	65	
3 Foster children:				
a Do you have a letter from the authorized placement agency or applicable court document?	16	41	66	
4 Brother, sister, niece, nephew, grandchildren, great-grandchildren:				
a Can you provide a birth certificate that verifies your relationship to the child?	17	42	67	
5 Stepchildren or descendent of them, step-grandchildren, step-great-grandchildren:				
a Can you provide a birth certificate & marriage certificate verifying your relationship to the child?	18	43	68	

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Residency - Qualifying Child

Can the taxpayer provide any of the following documentation to prove that the child lived with you for more than half of the year? More than one type of documentation may be required by the IRS. *The letter must be on official letterhead from one of the following: school, medical provider, social service agency, place of worship, or other acceptable entity. The letter must include the name of the child, name of the child's parent or guardian, child's address, and dates during the year child lived with taxpayer.	19	School records	44	School records	69	School records
	20	Medical records	45	Medical records	70	Medical records
	21	Letter*	46	Letter*	71	Letter*
	22	Social service records	47	Social service records	72	Social service records
	23	Daycare records	48	Daycare records	73	Daycare records
		Daycare provider		Daycare provider		Daycare provider
	24		49		74	

Adjusted Gross Income - Qualifying Child

If the taxpayer is not a parent of the qualifying child, is his or her AGI higher than any parent of the child?	25	50	75
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2023 QUESTIONNAIRE
(SUBMIT A SEPARATE QUESTIONNAIRE FOR EACH QUALIFYING CHILD)

QUALIFYING CHILD SSN _____

QUALIFYING CHILD FIRST NAME _____

QUALIFYING CHILD LAST NAME _____

1.	DOES THE CHILD RESIDE WITH YOU?	
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IF NO, IS THERE AN ACTIVE FORM 8332, RELEASE/REVOCAION OF CLAIM TO EXEMPTION FOR CHILD BY CUSTODIAL PARENT, OR A SIMILAR STATEMENT IN PLACE AND, IF APPLICABLE PLEASE PROVIDE COPY TO THE TAX PREPARER.

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2.	WHAT SCHOOL DID YOUR CHILD ATTEND?	
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3.	WHERE DOES YOUR CHILD LIVE?	
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4.	IF YOU ARE NOT MARRIED, DOES THE CHILD LIVE WITH THE OTHER PARENT?	
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5.	IF SEPARATED OR DIVORCED, WHAT DOES YOUR SEPARATION/DIVORCE AGREEMENT STATE REGARDING WHO CLAIMS THE CHILD?	
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6.	DID THE CHILD PAY FOR HIS/HER OWN SUPPORT DURING THE YEAR, SUCH AS FOOD, RENT, ETC.?	
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7.	WHAT IS THE CHILD'S BIRTHDATE?	
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8.	IS YOUR CHILD MARRIED AND FILING JOINT?	
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9.	DOES YOUR CHILD HAVE A VALID SOCIAL SECURITY NUMBER?	
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10.	IS YOUR CHILD DISABLED?	
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IF YES, WHAT TYPE OF DISABILITY DOES THE CHILD HAVE?

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IF YES, DOES THE CHILD RECEIVE SSI OR OTHER DISABILITY PAYMENTS?

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IF YES, DO YOU HAVE A LETTER FROM THE CHILD'S DOCTOR OR HEALTHCARE PROVIDER STATING THAT THE CHILD IS PERMANENTLY AND TOTALLY DISABLED?

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11.	IF THE CHILD IS NOT YOUR SON OR DAUGHTER, DOES THE CHILD'S BIOLOGICAL PARENTS LIVE WITH THE CHILD? IF NO, WHERE ARE THE BIOLOGICAL PARENTS?	
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